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Statement

**Insurance Association of Connecticut
Insurance and Real Estate Committee**

February 17, 2009

**SB 894 An Act Requiring Disclosure Of Automobile Liability
Insurance Policy Limits Prior To The Filing Of A Claim**

The Insurance Association of Connecticut opposes SB 894, An Act Requiring Disclosure Of Automobile Liability Insurance Policy Limits Prior To The Filing Of A Claim.

What purpose does the knowledge of one's insurance serve in settling an action prior to suit? The amount one decides to insure their home, car or business for is a personal decision and is irrelevant to the issue of whether you are responsible for one's injuries or how much those injuries are worth. There is no relevant reason to mandate the disclosure of policy limits prior to suit. There is no demonstrated need for this information.

The two issues of any claim are whether the insured should be responsible for the damage and what the value of the damage is. The amount of coverage an insured has decided to purchase has no bearing on these issues.

Contrary to the stated purpose, SB 894 will actually increase litigation. Policy limits, instead of the underlying value of a case, will drive plaintiff's settlement demands and encourage suit. Plaintiffs will decide whether to file suit based upon the depth of the pocket involved. Our current system provides protections from frivolous actions and parties seeking out deep pockets.

The vast majority of states and the federal courts do not require disclosure until after litigation begins. Only a small handful of states have disclosure requirements. Furthermore, no state's disclosure requirements are as broad as those contained within SB 894. It has been the industry's experience, where disclosure is mandated, that the common practice is that the minimum demand is for the maximum policy limit. SB 894 would create a new floor for the personal injury actions based upon the policy limits available. Why else would the proponents want the fact that the request was made to be kept from the jury?

SB 894 serves no legitimate purpose. Under our current rules of practice, settlement negotiations are driven by the value of a party's damages and not by one's policy's limits. This is the proper and most effective basis for settlement negotiations and should remain unchanged.

The Insurance Association of Connecticut urges you to reject SB 894.